

Message Text

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73

ACTION EA-14

INFO OCT-01 ISO-00 DODE-00 EB-11 NSAE-00 RSC-01 TRSE-00

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FM USLO PEKING

TO SECSTATE WASHDC 1142

INFO AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: BTRA CH

SUBJ: US BUSINESS VISITORS TO PEKING

REF: A) PEKING 1497 B) PEKING 1605 C) PEKING 1617

1. THE LARGE FLOW OF AMERICAN BUSINESS VISITORS TO PEKING, WHICH BEGAN IN MID-NOVEMBER AFTER THE CLOSE OF THE CANTON FAIR, HAS CONTINUED UNABATED. WE ESTIMATE THAT OVER THIS LAST MONTH, THERE HAS BEEN A TOTAL OF ABOUT 55 AMERICANS IN PEKING FROM ABOUT 20 DIFFERENT US COMPANIES. FIRMS WHOSE REPRESENTATIVES HAVE CALLED AT USLO SINCE NOV 24 (REF A) INCLUDE BUCYRUS ERIE, DRESSER INDUSTRIES AND HUGHES TOOL (REF B), IBM (REF C), AND THE FOLLOWING:

A) TEXTRON AND BELL HELICOPTER. A TEAM FROM TEXTRON AND FROM ITS SUBSIDIARY, BELL HELICOPTER, HAS BEEN TALKING TO THE CHINA NATIONAL MACHINERY IMPORT & EXPORT CORPORATION (MACHIMPEX) ABOUT THE POSSIBLE SALE TO THE PRC OF HELICOPTERS. THE TEXTRON REPRESENTATIVES, HEADED BY PRESIDENT G. WILLIAM MILLER, LEFT PEKING AFTER THE OPENING SESSIONS, BUT BELL REPRESENTATIVES, HEADED BY VICE PRESIDENT FRANK SYLVESTER, ARE CONTINUING DISCUSSIONS. THE TEAM HAS BEEN RECEIVED VERY WARMLY BY THE CHINESE, WHO ARE PARTICULARLY

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INTERESTED IN THE BELL MODEL 212. THE AMERICANS ARE

OPTIMISTIC ABOUT AN EVENTUAL SALE, ALTHOUGH THEY HAVE NOT YET ENTERED THE PHASE OF COMMERCIAL DISCUSSIONS. THEY BELIEVE THAT THE CHINESE MAY BUY THE FRENCH SUPER FRELONS, AS WELL AS THE BELL 212'S, WHICH ARE NOT DIRECTLY COMPETITIVE. WHILE IN PEKING, TEXTRON ALSO USED THE OPPORTUNITY TO TALK TO VARIOUS CHINESE CORPORATIONS ABOUT THE FIRM'S OTHER PRODUCT LINES. THIS INCLUDES CONTACT WITH THE CHINA FILM DISTRIBUTION CORPORATION, WHICH IS INTERESTED IN BUYING DOCUMENTARIES FROM ONE OF TEXTRON'S SUBSIDIARIES.

B) TENNANT SONS & CO. PAUL GOLDBERGER OF THE OMNI DIVISION OF THIS FIRM WAS HERE BUYING UNFINISHED COTTON GOODS. HE WAS IN PEKING LAST MARCH AND HAD ATTENDED THE SPRING FAIR AND HAS BEEN BUYING FROM CHINA SINCE THAT TIME. HE DID NOT ATTEND THE FALL FAIR, BUT THE CHINA NATIONAL TEXTILES IMPORT & EXPORT CORPORATION INVITED HIM TO PEKING WHEN HE INDICATED AN INTEREST IN COMING. BECAUSE OF WHAT HE DESCRIBED AS A "COLLAPSE" IN THE US TEXTILE MARKET IN RECENT WEEKS, GOLDBERGER SAID HE DID NOT BUY AS MUCH THIS TIME AS THE TEXTILES CORPORATION HAD HOPED, BUT THAT HE MADE SOME PURCHASES IN ORDER TO MAINTAIN A CONTINUING BUSINESS RELATIONSHIP.

C) BOEING. ALFRED GEHRI, OF THE BOEING CONTRACT DIVISION, WAS IN PEKING TO DISCUSS WITH MACHIMPEX A NUMBER OF "RELATIVELY MINOR" CONTRACT ITEMS THAT NEED RESOLUTION. THIS INCLUDES THE DISPOSITION OF DOLS500,000 WORTH OF BOEING-OWNED SPARE PARTS AND COMPONENTS WHICH ARE IN SHANGHAI, AND WHICH BOEING HOPES THE CHINESE WILL BUY.

D) LI TUNGSTEN CORPORATION. CHARLES GOW, CHIEF ENGINEER OF THIS FIRM IN GLEN COVE, NEW YORK, TOOK ADVANTAGE OF A PERSONAL VISIT TO PEKING TO TALK TO THE CHINA NATIONAL METALS & MINERALS IMPORT & EXPORT CORPORATION (MINMETALS) ABOUT THE POSSIBILITY OF EVENTUAL PURCHASES OF CHINESE TUNGSTEN.

E) EXXON. AS INDICATED HONG KONG 12356, EXXON'S HONG KONG SALES MANAGER IS HERE TO DISCUSS CHINESE INTEREST IN A CONTRACT TO BUY BUNKERING. DUE TO EXXON'S NEED TO SUPPLY LIMITED OFFICIAL USE

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ESTABLISHED CUSTOMERS, SEARLES SAYS HIS FIRM COULD ENTER A CONTRACT ONLY IF THE PRC PROVIDES AN EQUIVALENT AMOUNT OF LOW SULPHUR FUEL OIL TO EXXON IN HONG KONG. WHILE IN PEKING HE ALSO WISHES TO DISCUSS WITH THE CHINA NATIONAL CHEMICALS IMPORT AND EXPORT CORPORATION A PROPOSED VISIT TO CHINA BY AN EXXON TEAM HEADED BY ITS CHAIRMAN OF THE BOARD.

2. OF THE FIRMS THAT WE LISTED IN REF A, VETCO (PEKING 1571)

AND GLEASON (PEKING 1587) SIGNED CONTRACTS. OTHER AMERICAN
BUSINESSMEN IN TOWN BELIEVE THAT STEWART & STEVENSON SIGNED
A CONTRACT, BUT REPRESENTATIVES OF THAT FIRM DID NOT GIVE
US A REPORT BEFORE THEY LEFT PEKING. THE TEAM FROM
WESTINGHOUSE CANADA (WHICH IS REALLY MULTINATIONAL
AND IS HEADED BY RAYMOND TRIVIERE OF WESTINGHOUSE BELGIUM)
HAS SUBMITTED PROPOSALS TO THE CHINA NATIONAL TECHNICAL
IMPORT & EXPORT CORPORATION ON GAS TURBINES.

3. BELL, EXXON, AND WESTINGHOUSE SPECIFICALLY ASKED THAT
INFORMATION ABOUT THEIR DISCUSSIONS BE CLOSELY HELD.
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